THE EFFECTS OF THE PANAMA CANAL ON OUR RELATIONS WITH LATIN AMERICA

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The Panama Canal, Mr. Bryce tells us in his book on *South America*, is the greatest liberty man has taken with nature. He then proceeds to propound some very interesting questions as to the probable effects of the canal on world commerce and, in a less degree, on world politics, also as to its effects on the political relations of Central and South America. He does not answer his own questions, however, the political effects being too delicate a question to be discussed by a diplomat, and the commercial effects being as yet too problematical to warrant a forecast. On the latter point he says: "If a dozen of the most competent experts were, in 1914, to write out and place in the library of the British Museum and the Library of Congress their respective forecasts bearing on this subject, sealed up and not to be opened till A.D. 2000, they might make curious reading in that latter year."

While it may not be safe to make a forecast as to the commercial effects of the canal, I believe that we can point out pretty definitely some of the political changes that it will bring about, for these changes are already well under way. New policies suggested or rendered necessary by this great enterprise have already been formulated to a far greater extent than is generally realized. This paper is, therefore, not a forecast so much as a statement of policies now in the making.

The building of the canal has, in the first place, rendered inevitable the adoption of a policy of naval supremacy in the Caribbean Sea, and, in the second place, it has led to the formulation of new political policies to be applied in the zone of the Caribbean—what Admiral Chester calls the larger Panama Canal Zone—that is the West Indies, Mexico and Central America, Colombia and Venezuela. The policies thus far formulated include the establishment of protectorates, the supervision of finances, the control of all canal routes, the acquisition of naval stations, and the requirement that governments shall be constitutional and based on the consent of the governed.

Taking up a discussion of these policies my first proposition is

that the Hay-Pauncefote treaty was a turning point in the history of the West Indies, in that it was a formal recognition of the transference of naval supremacy in the Caribbean from Great Britain to the United States. The Spanish war contributed in no little degree to that consummation; the economic decline of the British West Indies and their growing dependence on the American market had, no doubt, something to do with it; above all the rapid naval growth of other European powers presented to Great Britain so serious a situation that she wisely decided to cultivate friendly relations with the United States and to remove all causes of possible conflict; she deemed it unwise, therefore, to continue to insist on the joint control of the canal recognized by the Clayton-Bulwer treaty half a century earlier. The advance of the United States in the West Indies has been rapid: Porto Rico was annexed at the close of the Spanish war and Cuba became a protectorate; the Dominican Republic a little later came under the financial supervision of the United States; and the canal zone was leased on terms that amount to practical annexation. The supremacy of the United States in the Caribbean is now firmly established and in fact unquestioned. The political relations of the countries bordering on the Caribbean will of necessity be profoundly affected. Our Latin-American policy, if you object to the name Monroe Doctrine, has been enlarged in meaning and limited in territorial application so far as its new phases are concerned.

The original Monroe Doctrine announced our purpose to protect all the independent Latin-American states against political interference by European powers. We have now gone a step further and established formal protectorates by treaty over Cuba and Panama guaranteeing them not only against outside interference, but against internal disorders, and a similar protectorate over Nicaragua has been proposed. On July 19, 1913, a treaty signed with Nicaragua by Mr. Bryan was submitted to the Senate. It embodied almost word for word the Platt amendment, which defined our relations with Cuba. Nicaragua agreed not to declare war without the consent of the United States; not to sign treaties giving foreign powers a foothold on her soil; not to contract any foreign debt which could not be met by the ordinary revenues of the country; and to recognize the right of the United States to intervene for the purpose of protecting the independence of Nicaragua.[1]

[1] *Am. Year Book, 1913*, p. 91.

There were other equally important features of the treaty which will be considered in a moment. But the Senate refused to ratify it. The committee on foreign relations reported it unfavorably by a vote of eight to four.[2] The press reports indicate, however, that this treaty project has not yet been finally abandoned, but that ratification will be again urged upon the Senate as soon as more pressing matters are disposed of.

President Roosevelt's Dominican policy added an important corollary to the Monroe Doctrine. He held in brief that where it was necessary to place a bankrupt American republic in the hands of receivers, the United States must undertake to act as receiver and take over the administration of its finances; that to allow a European power to take possession of the custom houses to collect the duties, the only effective method of paying the foreign debt, would be a violation of the Monroe Doctrine. He boldly adopted this policy and finally forced a reluctant Senate to acquiesce. In spite of the criticism that this policy encountered, the Taft administration adopted it and proposed to extend it to Honduras and Nicaragua. In January, 1911, a treaty placing the finances of Honduras under the supervision of the United States was signed by Mr. Knox, and in June a similar treaty was signed with Nicaragua. These treaties provided for the refunding of the foreign debt in each case through loans made by American bankers and secured by the customs duties, the collector in each case to be approved by the President of the United States, and to make an annual report to the department of state.[3] These treaties were not ratified by the Senate.

Secretary Knox then tried another solution of the question. February 26, 1913, a new treaty with Nicaragua was submitted to the Senate. By the terms of this treaty Nicaragua agreed to give the United States an exclusive right of way for a canal through her territory and a naval base in Fonseca Bay in return for a payment of $3,000,000. The Senate failed to act on this treaty, as the close of the Taft administration was at hand. In July Mr. Bryan submitted to the Senate a third treaty with Nicaragua containing the provisions of the second Knox treaty and in addition the provisions of the Platt amendment, as already stated above. This arrangement has so far failed to receive the approval of the Senate. It is to be noted that

[2] *Ibid.*, p. 125.

[3] *Ibid.*, 1911, p. 97.

the second Knox treaty and the Bryan treaty did not propose financial administration by the United States, but the Bryan treaty bound Nicaragua not to create a public debt which could not be met by the ordinary revenues of the island.

President Wilson's attitude toward foreign concessions is a matter of importance and carries our Latin-American policy a step further. As he expressed it, it is this:

> You hear of concessions to foreign capitalists in Latin America. You do not hear of concessions to foreign capitalists in the United States. They are not granted concessions. They are invited to make investments. The work is ours, though they are welcome to invest in it. We do not ask them to supply the capital and do the work. It is an invitation, not a privilege, and the states that are obliged because their territory does not lie within the main field of modern enterprise and action, to grant concessions are in this condition, that foreign interests are apt to dominate their domestic affairs—a condition of affairs always dangerous and apt to become intolerable. . . . .
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> What these states are going to seek, therefore, is an emancipation from the subordination which has been inevitable to foreign enterprise and an assertion of the splendid character which, in spite of these difficulties, they have again and again been able to demonstrate.[4]

These remarks probably had reference to the oil concession which Pearson and Son of London had arranged with the president of Colombia. This concession covered practically all of the oil interests in Colombia, and carried with it the right to improve harbors and dig canals in the country. As oil is coming into use as a naval fuel, the occupation of the Colombian oil fields and harbors by a foreign corporation presented a serious question. However, before the meeting of the Colombian Congress in November, 1913, which was to confirm the concession, Lord Cowdray, the president of Pearson and Son, withdrew the contract, alleging as his reason the opposition of the United States.

The next policy which we shall consider is that of acquiring control of all possible canal routes so that no competing canal may at any time in the future be dug by other powers. The manner in which we acquired the Panama Canal Zone produced a very bad effect throughout Latin America. Following Roosevelt's assertion of the big-stick policy and of the duty of the United States to play policeman in the western hemisphere, his seizure of the Canal Zone—to adopt his own

[4] *Ibid.*, 1913, p. 91.

view of the transaction—aroused serious apprehension and made the countries of Latin America believe that the United States had converted the Monroe Doctrine from a protective policy to a policy of selfish aggression. His hasty recognition of the Panama Republic tended to strengthen belief in the reports that he had instigated the revolution. Colombia felt outraged and aggrieved, and this feeling was not alleviated by Mr. Roosevelt's speech to the students of the University of California in which he boasted that he had taken the Canal Zone, and that if he had not acted as he did the matter would still be under discussion.

In January, 1909, shortly before the close of the Roosevelt administration, Secretary Root had undertaken to reëstablish friendly relations with Colombia by means of a tripartite treaty between the United States, Panama and Colombia. The proposed agreement provided for the recognition of the Republic of Panama by Colombia and for the transference to Colombia as Panama's share of the public debt of the first ten instalments of the annual rental of $250,000 which the United States had agreed to pay to Panama for the lease of the Canal Zone. The treaty was ratified by the United States and by Panama, but not by Colombia. The Taft administration made repeated efforts to placate Colombia, which resulted in the formulation of a rather remarkable proposition by Secretary Knox shortly before the close of the Taft administration. His proposals were that if Colombia would ratify the Root treaty just referred to the United States would be willing to pay Colombia $10,000,000 for an exclusive right of way for a canal by the Atrato route and for the perpetual lease of the Islands of St. Andrews and Old Providence. These proposals were rejected by Colombia. The American minister, Mr. Du Bois, acting on his own responsibility, asked informally whether $25,000,000 without options of any kind would satisfy Colombia. The answer was that Colombia would accept nothing but the arbitration of the whole Panama question. Mr. Knox in reporting the matter to the President said that Colombia seemed determined to treat with the incoming Democratic administration.[5]

In his message to the Colombian congress, September, 1913, President Restrepo referred to the concilatory attitude of President

[5] 62d Cong., 3d sess., H. Doc. 1444.

Wilson, and added: "The probability that the service of the Isthmian Canal will soon be available, the advantage of cultivating frankly cordial relations with the United States, the clear and progressive development of our nationality, and the peculiar needs of our maritime departments, are making every day more close our *rapprochement* with the great Republic of the North."[6]

It would probably be wise policy as well as an act of justice on our part to agree upon some compromise with Colombia. While ordinarily a political act like the recognition of a new state is not a proper subject for arbitration, there are certain features of the Panama case which possibly afford legal ground for Colombia's demand for pecuniary damages. I refer to President Roosevelt's interpretation of the treaty of 1846. That treaty was a contract between the United States and Colombia, and yet President Roosevelt construed it as an obligation assumed by the United States for the benefit of the world at large, and under this interpretation he refused to allow Colombia to land troops in Panama for the purpose of putting down the insurrection. If Colombia should continue to insist on arbitration, basing her claims on President Roosevelt's forced construction of the treaty, it is difficult to see how the United States could refuse to submit the question to arbitration.

The Nicaraguan treaty, signed by Mr. Bryan but not ratified by the Senate, provided that the United States should have an exclusive right of way over the Nicaraguan canal route. It was stated at the time that this treaty was negotiated that Germany was considering the possibility of getting the right of way for a canal through Nicaragua, but such a suggestion seems extremely improbable.

Another important policy is the acquisition of naval stations in the Pacific and in the Caribbean. The Bryan treaty with Nicaragua, as we have already seen, provided for a ninety-nine-year lease of a naval base in Fonseca Bay and also for the lease of the Great Corn and Little Corn Islands in the Caribbean. The Knox proposals to Colombia provided for coaling stations on the islands of St. Andrews and Old Providence in the Caribbean.

The last policy to which I shall refer is President Wilson's requirement that the governments of Latin-American states shall be constitutional in form and based on the consent of the governed, or,

[6] *Am. Year Book, 1913*, p. 89. Quoted from *London Times*, September 30, 1913.

to state it negatively, the doctrine of non-recognition. This is of course the policy that the administration has adopted in the case of Mexico. In his Swarthmore speech President Wilson said: "I would like to believe that all this hemisphere is devoted to the same sacred purpose and that nowhere can any government endure which is stained by blood or supported by anything but the consent of the governed." The refusal to recognize a revolutionary government is not as novel a policy as some of the opponents of the Wilson administration would have us believe,[7] but as this question has a special place in this volume I shall not venture to discuss it further.

The building of the canal has thus led to new developments of the Monroe Doctrine, developments not applicable to firmly established states like Argentina, Brazil, and Chili, but limited to what we Americans erroneously regard as typical Latin-American states, that is, the states within the zone of the Caribbean. The new applications of the simple principle announced by President Monroe in 1823 have aroused the apprehensions of certain Latin-American writers, and their denunciations of what they are pleased to call this pseudo-Monroeism have not failed to win the sympathetic support of a more or less limited number of writers in this country. Some of these writers appear to cherish a personal grievance against this cardinal principle of American diplomacy and one writer in particular has vehemently denounced it as an obsolete shibboleth.[8] It is in vain that the critics point out the difference between the doctrine of 1823 and the doctrine of 1914 or the difference between the international situation then and now. If the original policy had not expanded with the lapse of time or taken on new phases with the development of new situations, it would long since have ceased to be of any value to us, for the exact situation that called forth the original declaration in 1823 can never again arise. The Monroe Doctrine is merely a name that Americans have given for ninety years to our Latin-American policy, which in the necessity of things has undergone changes and will continue to undergo them, and it is no more likely that the public will repudiate the name than that the State Department will repudiate the policy.

Señor Calderón, in the Atlantic Monthly for March, 1914, takes

[7] Moore, *Digest of International Law*, I, 138–168.

[8] Bingham, *The Monroe Doctrine an Obsolete Shibboleth*.

issue with Professor Bingham's recent attack on the Monroe Doctrine on several points. He says:

> It is not true, as Professor Bingham maintains, that amongst the republics which form the A B C alliance, Argentina, Brazil, and Chili, powerful and solidly organized states, one finds any jealous opposition to the neo-Saxon power—such as would explain, according to Professor Bingham's theory, the alliance of these ambitious peoples. On the contrary, among these nations, out of range of North American action, the liveliest sympathy with the politics of the United States is discernible. . . . . It is rather in the "zone of influence" of the United States, between the northern frontier of Mexico and Panama, in the Antilles, in Colombia and Venezuela, that hatred against the United States has become a popular passion.

His final conclusion as to the future of the Monroe Doctrine we may safely accept: "The wisest statesmen have no thought of divorcing this doctrine from the future history of America, even though they criticize its excesses most severely."